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SUBJECT: OMAN CONTINUES TO COURT ASIA

REF: A. 07 MUSCAT 1139

[1](#)B. 07 MUSCAT 624

Summary

[1](#)1. (U) Over the course of 2007, the Omani government has made significant efforts to strengthen its ties with its Asian trading partners. As an indication of its continuing courtship with the region, Oman recently sent a trade delegation, led by its Deputy Prime Minister, to Singapore and India in efforts to build economic relationships and attract foreign investment. Just before embarking on his two-nation trip, the Deputy Prime Minister also received business-minded delegations from China and Vietnam. These overtures are indicative of Oman's growing interest in an area that receives the lion's share of the Sultanate's energy exports and is increasingly seen not only as an attractive destination for Omani investment, but also as a source of foreign direct investment. End Summary.

Reaffirming Ties to India

[1](#)2. (U) On December 12, Deputy Prime Minister for the Council of Ministers Sayyid Fahd bin Mahmood al-Said arrived in Delhi on a three-day mission to promote closer bilateral ties with India. The Deputy Prime Minister was accompanied by a number of prominent ministers, including those from Foreign Affairs; Commerce and Industry; Oil and Gas; Agriculture; and Information, as well as the Chairman of Oman Chamber of Commerce and Industry and the Executive Director for the Omani Center for Investment Promotion and Export Development.

An accompanying trade delegation included business officials from the Omani private sector, representing firms in the banking, manufacturing, service, and oil and gas industries.

[1](#)3. (SBU) Of primary interest to the Omani side was enhancing economic ties with India, which accounted for \$1.4 billion in bilateral trade in 2006. (Note: India was Oman's second largest non-oil export market and third largest import market. End note.) In recapping his visit with the Ambassador, Commerce and Industry Minister Maqbool bin Ali Sultan commented that India represented a "good fit" for Oman, given the historical bilateral trading relationship, the number of Indian businesses in Oman, and the prevalence of Omanis of Indian descent in the business community. To signify their commitment to working closer together, the two governments signed four memoranda of understanding pertaining to small and medium enterprise development, educational opportunities in the information technology sector, and joint

investment possibilities that would build upon the development of a \$900 million fertilizer plant between Oman Oil Company and Krishak Bharati Cooperative of India. Representatives from Oman and India agreed to look into the establishment of a joint investment company with start-up capital of \$100 million, while an agreement was reached between Indian-based Larsen and Toubro, Oman Oil Company, and Omani-based Zubair Corporation on the establishment of a \$50 million industrial project in the port city of Sohar.

Learning from Singapore

¶4. (U) Prior to his arrival in India, the Deputy Prime Minister and the delegation traveled to Singapore, where they met with the city-state's president and prime minister, as well as members of Singapore's Economic Development Council. During the stop, Maqbool signed an investment protection agreement with his Singaporean counterpart. The visit came on the heels of more recent sub-ministerial visits to forge closer cooperation on a broad spectrum of economic issues, including tourism, port infrastructure and telecommunications development. Maqbool noted to the Ambassador that Oman's primary interest in Singapore was to learn about its model of economic development and gain its expertise and even investment in port development and management. Oman is also in discussion with Singapore on a free trade agreement to augment its \$363 million in bilateral trade for 2006.

Still Interested in Vietnam

¶5. (U) Before departing for Singapore, the Deputy Prime

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Minister hosted Vietnamese Deputy Prime Minister Nguyen Sinh Hung and a delegation of Vietnamese business representatives. While trade between the two nations is relatively small, the Vietnamese delegation hoped to build upon a memorandum of understanding signed by the Vietnam Oil and Gas Company and the Oman Oil Company in May (ref B) regarding Omani investment in constructing an oil refinery. Toward this end, meetings with Minister of National Economy Ahmed bin Abdul Nabi Macki and Maqbool generated another commitment to explore how Oman's Investment Fund could assist in Vietnam's development, as well as commitments to look into signing an investment protection and double taxation treaty. The two sides also discussed cooperative ventures in the tourism, seafood, and maritime services industries, as well as the possibility of Vietnamese labor coming to Oman.

Comment

¶6. (SBU) Amidst great media fanfare, the high-level meetings signaled Oman's continued interest in forging closer ties with its Asian trading partners, many of which serve as primary markets for Oman's energy exports. In fact, over the first 9 months of 2007, oil exports to China, Thailand, Japan, and Korea accounted for 84% of Oman's total oil exports. In recent meetings with USG officials, Omani government leaders have expressed interest in ensuring that the Asian economies remain vibrant in the wake of high energy prices. Oman's participation in GCC free trade talks with Asian partners will further bolster stronger trade ties, as its imports from Japan, India, Korea, and China have already risen by 68%, 100%, 78%, and 131%, respectively, from 2003-2006. Oman also sees opportunity for investment in the growing Asian economies of China and Vietnam. While mindful of its long-standing close relationships with the U.S. and the UK, Oman will continue to court Asia, and will use facets of its relationship with the West, such as its U.S.-Oman Free Trade Agreement, as a calling card for attracting more Asian

investment to the Sultanate. End Comment.

GRAPPO